

2002 MICHIGAN

Adjustments of Capital Gains and Losses

Issued under authority of P.A. 281 of 1967. Filing is mandatory.

**2002
MI-1040D**

Attach this schedule to Form MI-1040.

Round all money items to whole dollars. Type or print in blue or black ink.

Filer's First Name, Middle Initial and Last Name	Filer's Social Security Number
If a Joint Return, Spouse's First Name, Middle Initial and Last Name	Spouse's Social Security Number

PART 1: SHORT-TERM CAPITAL GAINS AND LOSSES - ASSETS HELD 1 YEAR OR LESS

A. Description of Property (Example, 100 shares of "Z" Co.)	B. Date acquired (mo./day/yr.)	C. Date sold (mo./day/yr.)	D. Federal Gain - Loss from column f of U.S. Schedule D	E. Loss from column D subject to Michigan income tax	F. Gain from column D subject to Michigan income tax
1. _____					

2. Enter your short-term totals, if any, from page 2, line 20	2.				
3. Information from U.S. 1040D, line 3, is not necessary for Michigan	3.				
4. Short-term gain from U.S. 6252, and short-term gain/loss from U.S. 4684, 6781 and 8824	4.				
5. Net short-term gain/loss from partnerships, S corporations and fiduciaries from Schedule(s) K-1	5.				
6. Short-term capital loss carryover from 2001	6.		()		
7. Net short-term gain (or loss), combine lines 1-6	7.			()	
7a. Combine line 7, columns E and F (Michigan gain and loss)	7a.				

PART 2: LONG-TERM CAPITAL GAINS AND LOSSES - ASSETS HELD MORE THAN 1 YEAR

8. _____					

9. Enter your long-term totals, if any, from page 2, line 22	9.				
10. Information from U.S. 1040D, line 10, is not necessary for Michigan	10.				
11. Gain from U.S. 4797; long-term gain from U.S. 2439 and 6252; and long-term gain/loss from U.S. 4684, 6781 and 8824	11.				
12. Net long-term gain/loss from partnerships, S corporations and fiduciaries from Schedule(s) K-1	12.				
13. Capital gain distributions	13.				
14. Long-term capital loss carryover from 2001	14.		()		
15. Combine lines 8-14	15.			()	
16. Combine line 15, columns E and F (Michigan gain and loss)	16.				

PART 3: SUMMARY OF SHORT- AND LONG-TERM GAINS AND LOSSES

17. Combine lines 7 and 15 of column D, and enter on line 17, column Y.
Combine lines 7a and 16, and enter on line 17, column Z.
If line 17 is a gain, carry the gain amount in column Y to MI-1040 Schedule 1, line 10, and carry the gain amount in column Z to MI-1040 Schedule 1, line 3
18. **LOSS.** If line 17 shows a loss, enter in each column the smaller of
a. The loss on line 17; or
b. \$3,000 (if married filing separately, \$1,500).
Carry the loss amount in column Y to MI-1040 Schedule 1, line 5.
Carry the loss amount in column Z to MI-1040 Schedule 1, line 18

Col. Y - Federal	Col. Z - Mich.

PART 4: SHORT-TERM CAPITAL GAINS AND LOSSES - ASSETS HELD 1 YEAR OR LESS (continuation of Part 1)

A. Description of Property (Example, 100 shares of "Z" Co.)	B. Date acquired (mo./day/yr.)	C. Date sold (mo./day/yr.)	D. Federal Gain - Loss from column f of U.S. <i>Schedule D</i>	E. Loss from column D subject to Michigan income tax	F. Gain from column D subject to Michigan income tax
19. _____					

20. Line 19 short-term totals. Add column D (federal), and E and F (Michigan). Enter here and on line 2			20.		

PART 5: LONG-TERM CAPITAL GAINS AND LOSSES - ASSETS HELD MORE THAN 1 YEAR (continuation of Part 2)

21. _____					

22. Line 21 long-term totals. Add column D (federal), and E and F (Michigan). Enter here and on line 9			22.		

PART 6: COMPUTATION OF CAPITAL LOSS CARRYOVERS FROM 2002 TO 2003

	Col. Y - Federal	Col. Z - Mich.
23. Enter the amount from U.S. 1040, line 39 in both columns. If the amount is a loss, enclose in parenthesis		
24. Enter the loss from line 18 as a positive amount		
25. Combine lines 23 and 24. If zero or less, enter "0"		
26. Enter the smaller of line 24 or line 25		

NOTE: If line 7, column D, or lines 7a and 18 are losses, go to line 27; otherwise, skip lines 27 - 31.

27. Enter the loss from line 7, column D, and line 7a as a positive amount	27.		
28. Enter the gain, if any, shown on line 15, column D, and 16	28.		
29. Enter the amount shown on line 26	29.		
30. Add lines 28 and 29	30.		
31. Short-term capital loss carryover to 2003. Subtract line 30 from line 27. If zero or less, enter "0"	31.		

NOTE: If line 15, column D, or lines 16 and 18 are losses, go to line 32; otherwise, skip lines 32 - 38.

32. Enter the loss from line 15, column D, and 16 as a positive amount	32.		
33. Enter the gain, if any, from line 7, column D, and line 7a	33.		
34. Enter the amount from line 26	34.		
35. Enter the amount, if any, from line 27	35.		
36. Subtract line 35 from line 34. If zero or less, enter "0"	36.		
37. Add lines 33 and 36	37.		
38. Long-term capital loss carryover to 2003. Subtract line 37 from line 32. If zero or less, enter "0"	38.		

Instructions for Completing Form MI-1040D

When to File

Use this form to adjust your Michigan taxable income if you have capital gains or losses attributable to:

- Periods before October 1, 1967 (Section 271 adjustment). If you file U.S. 1040D or 4797 and you elect to adjust under Section 271 of the Michigan Income Tax Act, you must file the equivalent Michigan forms (MI-1040D or MI-4797). You must include all items of gain or loss realized during the tax year.
- Gains or losses from the sale or exchange of U.S. obligations that cannot be taxed by Michigan.
- Gains or losses from property subject to the allocation and apportionment provisions.

The MI-1040D must be attached to your Michigan income tax return (MI-1040).

General Information

Michigan form MI-1040D follows the U.S. 1040D and all the information necessary for completing it should be taken from your U.S. 1040D.

The MI-1040D computations must be carried to MI-1040 Schedule 1. Both forms (MI-1040D and Schedule 1) must be attached to your MI-1040.

Rounding Off

Show money items as whole dollar amounts. Round down amounts less than 50 cents. Round up amounts of 50 through 99 cents.

Identification

Be sure to enter your name(s) and Social Security number(s) at the top of this form.

Parts 1 and 2

Federal Information

Complete columns A, B, C, and D from corresponding columns a, b, c and f on your U.S. Schedule D. If you need more space for items listed on line 1, continue on page 2, Part 4. Line 8 continues on page 2, Part 5.

Michigan Gain or Loss

In Michigan columns E and F enter the portion of federal gain and loss subject to Michigan income tax.

Section 271. To apportion under Section 271, multiply the gain or loss in column D by the number of months the property was held after September 30, 1967. Divide the result by the total number of months held. Enter the result in the Michigan gain or loss column (E or F). For the purpose of this computation, the first month may be excluded if acquisition took place after the 15th, and the last month may be excluded if disposal took place before the 15th.

Gain from installment sales made before October 1, 1967 must show the federal gain in column D and zero in

Michigan column F. Gains from installment sales made after October 1, 1967 are subject to Michigan tax but may be apportioned under Section 271.

Distributions from employee's pension, bonus or profit-sharing trust plans that are considered to be long-term capital gains (under Section 402 of the Internal Revenue Code) and capital gains distributions are not eligible for Section 271 treatment.

Sale of Property. Enter the total gain in the federal column. Enter in the Michigan column the gain or loss from the sale or exchange of:

- Real property located in Michigan, or
- Tangible personal property located in Michigan at the time of the sale or owned by a Michigan resident and not subject to tax in the state where the property is located, or
- Intangible personal property sold by a Michigan resident.

U.S. Obligations. Gains from the sale of some U.S. obligations are not subject to tax and losses are not deductible. Enter a zero in the Michigan columns for gains or losses realized from the sale of these non-taxable U.S. obligations.

Note: Any interest expense and other expenses incurred in the production of income from U.S. obligations should be offset against dividend and interest income from U.S. obligations on the MI-1040 return. See the instructions for MI-1040 Schedule 1, line 8, in the MI-1040 instruction booklet.

Out-of-State Property. Gains from the sale of property located in another state are not subject to tax and losses are not deductible.

Part 3

Follow the instructions on the MI-1040D to exclude portions of capital gains or losses that cannot be taxed by Michigan.

Note: When figuring which negative number is smaller, treat both numbers as if they were positive.

Part 4

Part 4 is a continuation of short-term capital gains and losses listed on line 1. Attach additional sheets if more space is needed. Enter totals from additional sheets and line 20 on line 2.

Part 5

Part 5 is a continuation of long-term capital gains and losses listed on line 8. Attach additional sheets if more space is needed. Enter totals from additional sheets and line 22 on line 9.

Part 6

Part 6 is similar to the *Capital Loss Carryover Worksheet* from the U.S. 1040D instructions. Follow the instructions on the MI-1040D. Enter federal figures in column Y and Michigan figures in column Z. On line 23, column Z, enter the same figure you entered in column Y.